

003 - AUDITOR-CONTROLLER

Operational Summary

Mission:

To promote public oversight, provide accountability, and support financial decision-making for the County.

Strategic Goals:

- To manage financial risk faced by the County
- To anticipate and satisfy our stakeholders and clients' needs for financial services and information.
- To increase organizational effectiveness while controlling administrative costs.

Key Outcome Measures:

At a Glance:

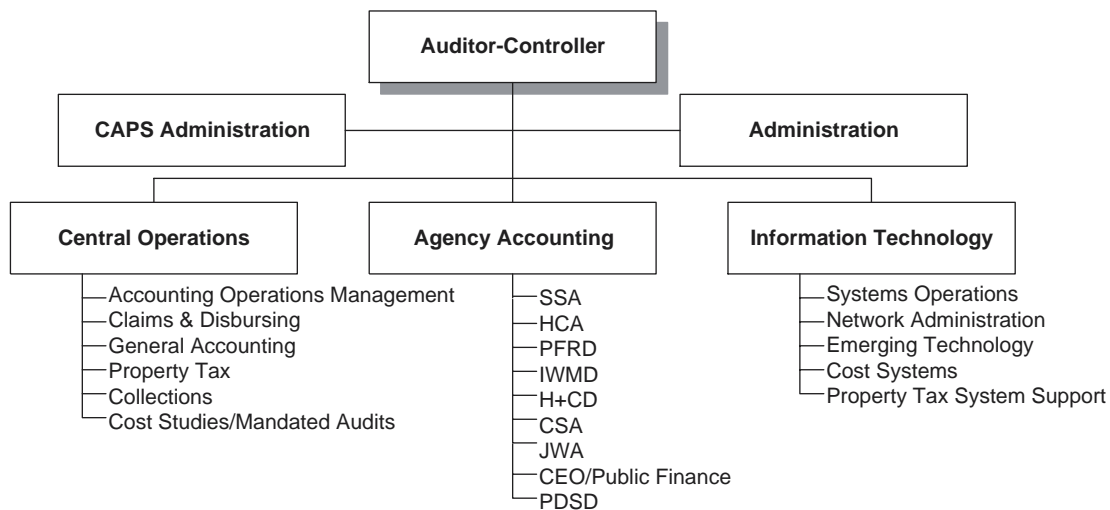
Total FY 2001-2002 Actual Expenditure + Encumbrance:	12,306,009
Total Final FY 2002-2003 Budget:	13,596,848
Percent of County General Fund:	0.56%
Total Employees:	404.00

Performance Measure	2001 Business Plan Results	2002 Business Plan Target	How are we doing?
RECEIVE UNQUALIFIED OPINION AND GFOA CERTIFICATE FOR EXCELLENCE IN FINANCIAL REPORTING FOR THE CAFR. What: Measures the integrity and accuracy of the County's annual financial statements. Why: Provides assurance that the CAFR fairly presents the financial position of the County.	The County received an unqualified opinion for fiscal year 2000-2001, and the GFOA Certificate for fiscal year 2000-2001.	The department expects to achieve the same high level of success for fiscal year 2001-2002, by fully implementing GASB 34 and other recent GASB pronouncements.	The department is leading a countywide team which is working on implementing significant new pronouncements from GASB in order to stay in compliance with financial reporting requirements and with generally accepted accounting principles.
99% OF ALL PROPERTY TAXES WILL BE ALLOCATED TO TAXING AGENCIES ON TIME. What: Measures ability to meet deadlines for computing property tax bills and allocating tax revenues. Why: Provides timely revenue to County taxing agencies who receive funding from tax revenues.	The department met all property tax deadlines, apportioning over \$3.1 billion in property taxes, penalties, special taxes/assessments, and interest to over 180 local government funds in 64 separate apportionments in calendar year 2001.	The department fully expects to meet all property tax deadlines.	Property tax apportionment deadlines continue to be met in spite of frequent tax statute changes and the complexity of the tax allocation process.
99% OF STATE AND FEDERAL FUNDS WILL BE CLAIMED IN TIME TO SATISFY CASH FLOW REQUIREMENTS. What: Measures compliance with deadlines that assure timely receipt of funds and avoidance of penalties. Why: The amount of revenue associated with these claims is over \$1 billion.	The department achieved over 99% compliance for the period from December 2000 through November 2001. The department expects to have 99% compliance for the first six months of 2002.	The department will remain committed to timely submission of the over 1,400 required claims and reports, in order to maximize revenue, avoid penalties, and maintain funding for the many County programs which rely on State and Federal participation.	The department achieved over 99% compliance for the period December 2000-November 2001.

Fiscal Year FY 2001-2002 Key Project Accomplishments:

- Made all financial reports available through the Electronic Report Management and Imaging System (ERMI) and gave users the capability to view and extract data electronically using Monarch software; further countywide rollout of virtual timesheet interface; developed a strategic plan for Assessment Tax System Imaging; implemented the latest subreleases of AMS financial and human resources software product.
- Improved and expanded implementation of ERMI document imaging. The system was enhanced by creating procedures for restricting access to sensitive documents and by expanding to include journal vouchers in addition to payment vouchers. The new journal voucher document cross references various ERMI reports to provide easy document recall when viewing reports.
- Completed the County's CAFR and component unit financial statements by scheduled deadlines, with unqualified audit opinions for all statements. Received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the CAFR.
- Completed pro-forma GASB 34 statements in anticipation of the June 30, 2002 implementation of the new reporting model.
- Met daily, biweekly, monthly, or other deadlines for services such as payroll, property tax distributions, vendor payments, revenue collection and reporting, appropriation/budget control, reports to the Board, and submission of State and Federal reports.
- Determined that all Auditor-Controller mandates were met.
- Updated approximately one-third of the County Accounting Procedures and posted them online on the County's Intranet site.
- Provided post bankruptcy related services by completing available cash distribution, paid Option "B" pool participants, maintained and updated "Available Cash" model, resolved all disputed claims, and distributed the residual balance and closed the Schedule 1 County Administered Accounts Fund.
- Continued development of employee recognition program that allows managers, supervisors, and employees to acknowledge outstanding achievement. Continued publication of bi-monthly newsletter to increase communication throughout the office.
- Completed the biennial Countywide client survey of services performed and a client satisfaction survey of vendors which received high satisfaction ratings. Continued to implement changes requested as a result of the prior Countywide survey from 1999 and host department/agency survey conducted in 2000.
- Prepared the "Orange County Central Park and Nature Preserve Initiative" fiscal impact analysis.
- Continued to support the Performance Initiative Plan Program by providing necessary training and meeting Performance Action Plan, PIP goal-setting, Progress Review, Final Evaluation, and other appropriate review dates for employees. Continued to support the Management Performance Plan, meeting goal-setting, evaluation, and other required dates for all managers.
- Modified current banking procedures to include additional reconciliations and utilization of the Internet in order to implement a change in banking establishments.
- Provided property tax data for the incorporation of the new city of Aliso Viejo.
- Placed the tax ledgers, appropriation report, and amortization schedules on the department's website.

Organizational Summary



CENTRAL OPERATIONS - This division provides the core accounting activities required of the Auditor-Controller which benefit the County as a whole, including: apportionment of property taxes for all County tax-receiving agencies; providing payroll and claims processing for the benefit of all County departments; accounts receivable and collections functions for many County departments; Cost Studies and Mandated Audits Section, which prepares the County's annual Countywide Cost Allocation Plan (CWCAP) that is utilized for cost reimbursement claiming purposes by most County departments; and preparation of the County's annual financial statements. With the exception of Collections/Accounts Receivable, which is cost-applied to client departments, the core services provided by the Accounting Operations and Reporting division are financed by general-purpose revenues of the General Fund.

AGENCY ACCOUNTING - This division supports nine other agencies/departments by providing outstationed specialized accounting/financial services. The outstationed agency/department accounting support sections are entirely funded by host agencies that have outside revenue sources.

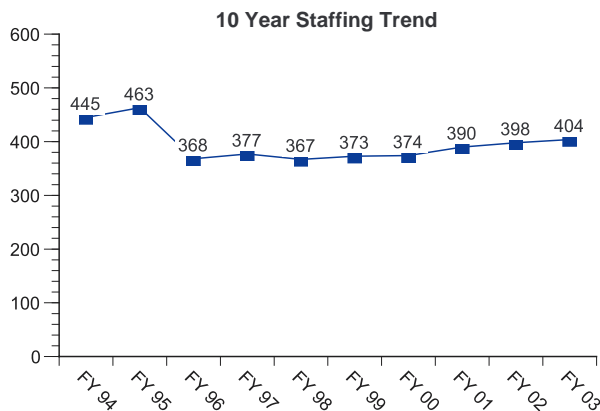
CAPS ADMINISTRATION - CAPS Administration provides administrative support for the County Accounting and Personnel System (CAPS). This function is assigned to the Auditor-Controller but represents the interests of all owner organizations: CEO/CFO, CEO/Human Resources, and the Auditor-Controller.

EXECUTIVE MANAGEMENT - This section includes the executive management team that provides leadership and direction for the department. It consists of the Auditor-Controller, Chief Assistant Auditor-Controller, their secretaries, and the Communications/Staff Development Coordinator.

INFORMATION TECHNOLOGY - The Information Technology division is responsible for the implementation, maintenance and upgrade of the County's central accounting and financial systems, as well as the development of other accounting-related systems.

ADMINISTRATION - This division includes human resources, purchasing, budget management, and administrative support and staff services. This division provides central administrative and staff support to the rest of the department.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- FY 94/95 - Added 4 systems positions to work on CAPS. Added 14 positions in outstationed agency units, most in SSA Accounting with no Net County Cost (NCC) effect.
- FY 95/96 - Eliminated 15 positions due to transfer of internal audit responsibilities to a new County agency. Eliminated 31 other County General funded positions from Central Operations and 49 positions from outstationed Agency units.
- FY 96/97 - Added 4 positions to work on CAPS upgrade (partial restoration of 9 positions eliminated from Systems in 95/96). Added 5 positions to outstationed Agency Accounting with no NCC effect.
- FY 97/98 - Restructure resulted in a net decrease of 10 positions.
- FY 98/99 - Added 6 positions to Agency Accounting with no NCC effect.
- FY 99/00 - Added 1 position in the central office as additional clerical support for purchasing and HR function.
- FY 00/01 - Added 26 positions that were transferred in as part of HCA restructuring with no NCC effect. Added 1 Limited Term position for GASB 34 implementation. Eliminated 10 positions that were transferred to CEO/HR with no NCC effect. Eliminated 1 position from central office.

- Mid year adjustments - In November 2000, added 2 Limited Term positions for GASB 34 implementation, 1 HR manager, 1 Systems Analyst for ATS, 1 limited term for DA/Family Support study, deleted 2 positions in SSA Accounting Services. In February 2001, added 3 positions due to Systems reorganization. In May 2001, deleted the limited term DA/FS position, added 1 position in PF&RD Accounting for Dana Point leases.
- FY 01/02 - Added 1 position in General Ledger, 1 limited term position in Systems for the CAPS upgrade.
- FY 01/02 Mid year adjustments - 1 position in CSA Accounting for the Area Agency on Aging, 2 positions in PF&RD Accounting for Dana Point leases, 1 position to HCA Accounting for Medi-Cal Administrative Activity/Targeted Case Management, and 1 position to SSA Accounting for a collection officer. Base budget of 403 positions.
- FY 02/03 - Added 1 Sr. Systems Programmer/Analyst to a three year limited term in the Information Technology division.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Although the Auditor-Controller does not have responsibility for a specific priority item, the department budget request reflects support of the overall priorities as follows:

We initiated and are implementing several technology projects designed to enhance overall efficiency and enable data gathering and processing to be more efficient throughout the County.

Our budget supports implementation of GASB 34 that requires the most significant change in governmental financial reporting in recent memory. These changes will impact the way the County financial position is presented and as such, we consider them to be a high priority deserving the attention of the CEO and CFO as well as the Auditor-Controller.

Changes Included in the Base Budget:

The budget request reflects the Auditor-Controller's desire to increase the usefulness and accessibility of financial information systems. As presented in the Business Plan, accomplishing these goals requires an initial investment in technology and the resulting addition of related positions. However, the payoff will be realized in providing faster streamlined, convenient and user-friendly data to clients, which will ultimately result in greater efficiency in all County departments and agencies.

For fiscal year 2002-2003, the budget request includes additional appropriations of \$135,400 for the estimated increased cost of the All Funds Audit contract, which is scheduled to go out to bid. The current contract will expire at the close of the fiscal year 2001-2002 All Funds Audit.

Approved Budget Augmentations and Related Performance Results:

Unit/Amount	Description	Performance Plan	Ref. Num.
1 Sr. Systems Programmer/Analyst Amount: \$ 66,874	Request position to support various countywide information technology development and upgrades.	Understand various systems environments and requirements of SEI-CMM within one month of hire.	003-002

Final Budget and History:

Sources and Uses	FY 2000-2001 Actual Exp/Rev	FY 2001-2002 Final Budget	FY 2001-2002 Actual Exp/Rev ⁽¹⁾	FY 2002-2003 Final Budget	Change from FY 2001-2002 Actual	
					Amount	Percent
Total Positions	-	398	403	404	1	0.25
Total Revenues	4,992,137	4,850,332	5,311,532	5,333,282	21,749	0.41
Total Requirements	10,605,402	11,469,728	12,067,749	13,596,848	1,529,098	12.67
Net County Cost	5,613,265	6,619,396	6,756,216	8,263,566	1,507,349	22.31

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2001-02 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Auditor-Controller in the Appendix on page 576.

Highlights of Key Trends:

- The Auditor-Controller workload increases proportionately with the addition and expansion of County programs (such as Measure H, the El Toro Reuse Authority, and the Dana Point Harbor Agreement) and with the general growth in the County budget and number of positions. Workload also increases as a result of requests from client departments for new and enhanced services and for interfaces with our automated systems.
- Key technological enhancements that serve to reduce overall workload for County administrators, (such as the newly developed on-line payroll timekeeping program and the Electronic Reporting Management and Imaging system) have created significant new workload for the department.
- Workload continues to increase as the number of County programs expands to support the County's growing population. Since the bankruptcy, the number of County positions has grown beyond pre-bankruptcy levels when adjusted for Court positions. (Even though the Courts are no longer a County agency, the Auditor-Controller continues to perform all the related accounting and payroll services for them on a fee basis.) Although increases in operating efficiency and technology have assisted in closing the gap between resources and workload, the gap is widening due to expanding workload. Transactions processed have increased in key areas from 10 to 20 percent over the past three years.

- Implementation of the new financial reporting model (GASB 34) continues to place pressure on resources. Although some of the additional workload is resulting from transition issues, a sustained increase in workload will result from the new reporting model.
- Significant systems development work will continue for the basic financial systems that manage the County. The Assessment Tax System is in the process of being totally rewritten. The County Accounting and Personnel Systems are also being redeveloped. These developments will place additional strain on an already taxed Information Technology Division.

Budget Units Under Agency Control

No.	Agency Name	Central Operations	Agency Accounting	Caps Administration	Executive Management	Information Technology	Administration	Total
003	Auditor-Controller	6,027,881	3,024,384	0	528,546	2,721,844	1,294,193	13,596,848
14A	Option B Pool Participants Registered Warrants	1,020,948	0	0	0	0	0	1,020,948
14C	Class B-27 Registered Warrants	202,154	0	0	0	0	0	202,154
15Q	Pension Obligation Bond Amortization	55,000,000	0	0	0	0	0	55,000,000
15W	1996 Recovery Cop Series A	3,505,203	0	0	0	0	0	3,505,203
15Y	Schedule 1 County- Admin Accounts	0	0	0	0	0	0	0
15Z	Plan Of Adjustment Available Cash	4,774,213	0	0	0	0	0	4,774,213
Total		70,530,399	3,024,384	0	528,546	2,721,844	1,294,193	78,099,366